

Message Text

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64

ACTION EUR-25

INFO OCT-01 ISO-00 AID-20 CEA-02 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 SPC-03 STR-08

TRSE-00 LAB-06 SIL-01 OMB-01 PM-07 MC-02 ACDA-19 SS-20

NSC-10 L-03 H-03 PA-04 PRS-01 USIA-15 SAJ-01 DRC-01

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R 191205Z DEC 73

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 9444

SECDEFENSE WASHDC

INFO AMEMBASSY BONN

AMEMBASSY COPENHAGEN

AMEMBASSY LONDON

AMEMBASSY OSLO

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION NATO BRUSSELS

USNMR SHAPE

USCINCEUR

USDELMC

C O N F I D E N T I A L BRUSSELS 7369

STATE ALSO FOR COMMERCE; USCINCEUR FOR ECJ7

E.O. 11652: GDS

TAGS: MASS, BEXP, BE

SUBJECT: REPLACEMENT AIRCRAFT FOR BELGIUM F-104G'S

REFERENCE: BRUSSELS 7280

1. SUMMARY. IN RESPONSE TO EMBASSY EXPRESSION OF INTEREST IN
F-104G REPLACEMENT, FONOFF OFFICIAL ECHOED LINE TAKEN BY DEFENSE

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MINISTRY ON OVERRIDING IMPORTANCE OF BELGIAN INDUSTRIAL

PARTICIPATION IN FINAL DECISION. OFFICIAL ADMITTED THAT BIAS EXISTS IN OFFICIAL CIRCLES FOR MIRAGE F-1 ON GROUNDS OF OFFERS MADE TO DATE. BELGIANS WILL CONSULT WITH OTHER ALLIES PLANNING TO REPLACE F-104 G'S. US MILITARY BOP DEFICIT NOT LIKELY TO INFLUENCE BELGIAN DECISION ON REPLACEMENT. EMBASSY REQUESTS WASHINGTON'S ADVICE ON USE OF COMMON PROCUREMENT ARGUMENT. END SUMMARY.

2. DURING DECEMBER 18 DISCUSSION WITH VAN DE KERCKHOVE, CHIEF OF FONOFF WESTERN ORGANIZATIONS (NATO AND WEU) DEPARTMENT, EMBOFF UNDERSCORED US GOVERNMENT INTEREST IN ASSURING THAT COMPETING AMERICAN FIRMS ARE GIVEN A FAIR HEARING IN THE GOB'S CONSIDERATION OF A REPLACEMENT AIRCRAFT FOR BELGIUM'S F-104G'S. EMBOFF ADDED THAT, WHILE BELGIAN DECISION WOULD OBVIOUSLY TAKE SEVERAL FACTORS INTO ACCOUNT, US TRUSTS THAT SUFFICIENT ATTENTION IS BEING GIVEN TO THE REQUIREMENT THAT THE REPLACEMENT AIRCRAFT BE FULLY CAPABLE OF PERFORMING THE ROLE PRESENTLY PLAYED BY THE F-104G'S.

3. VAN DE KERCKHOVE REPLIED WITHOUT HESITATION THAT ECONOMIC COMPENSATION IS THE KEY FACTOR: THE FIRM CHOSEN FOR THE CONTRACT WILL BE THE ONE OFFERING THE MOST GENEROUS COMPENSATION PACKAGE, I.E., THE ONE THAT PROMISES THE MOST EXTENSIVE LONG-TERM PARTICIPATION FOR BELGIAN INDUSTRY VMQYJRESSE#AREAS OF WALLONIA (WHERE BELGIAN AIRCRAFT COMPANIES ARE LOCATED). HE SAID THAT ASSUMBLY OF PLANES IN BELGIUM WAS NOT ENOUGH, BUT THAT BELGIAN LABOR MUST BE GAINFULLY EMPLOYED IN MANUFACTURING PARTS OF THE PLANE BOTH FOR DOMESTIC AND FOREIGN USE FOR SOME TIME INTO THE FUTURE. EMBOFF WONDERED ALOUD WHETHER THE MIRAGE F-1 WOULD IN FACT BE PURCHASED BY OTHER ALLIES, INCLUDING FRANCE.

4. VAN DE KERCKHOVE DENIED PRESS REPORTS THAT BELGIAN OFFICIALS HAVE ALREADY DECIDED TO SELECT THE F-1, BUT HE CONCEDED THAT SOME OFFICIALS DO FAVOR THE FRENCH PLANE ON THE GROUND THAT DASSAULT HAS TO DATE MADE THE BEST OFFER OF ECONOMIC COMPENSATION. HE STRESSED THAT THE BELGIAN PARLIAMENT WOULD TAKE A HARD LOOK AT WHATEVER DECISION IS MADE IN ORDER TO DETERMINE THAT THE ENORMOUS OUTLAY REQUIRED WAS OFFSET TO THE GREATEST EXTENT POSSIBLE IN WAYS THAT SERVED THE BELGIAN ECONOMY OVER THE LONG TERM. (VAN DE KERCKHOVE ESTIMATED THE OUTLAY AT BF 30 BILLION, OR \$750 MILLION.)

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5. WHEN EMBOFF REFERRED TO MINISTER OF NATIONAL DEFENSE VANDEN BOEYNANTS' DECEMBER 7 DPC STATEMENT ON THE VIRTUES OF COMMON PROCUREMENT AMONG ALLIES LOOKING FOR A REPLACEMENT FOR F104G'S, VAN DE KERCKHOVE SAID THAT BELGIUM WILL CONSULT WITH THE DUTCH AND OTHERS AS THE TIME FOR A DECISION DRAWS CLOSER. WITH RESPECT TO THE POSSIBLE CONNECTION BETWEEN F-104G REPLACEMENT AND THE REQUIREMENTS OF THE JACKSON-NUNN AMENDMENT,

HE ACKNOWLEDGED THE RELATIONSHIP BUT DID NOT BELIEVE IT WOULD GREATLY INFLUENCE THE DECISION.

6. COMMENT. THE FOREIGN MINISTRY IS CLEARLY ON THE SAME WAVELENGTH AS THE DEFENSE MINISTRY (PARA 4 REFTEL) IN BROADCASTING THE COMPENSATION THEME, AND THEY WANT US TO KNOW THAT DASSAULT'S PROGRAM IS THE BEST THEY HAVE HEARD SO FAR. SECONDLY, WE NOTE THE APPARENT CONFIRMATION IN ROME 13998 (NOTAL) THAT LOCKHEED MAY HAVE FIRM INROADS ON ITALY'S REPLACEMENT OF THE FWAQPRG.#THIS RAISES THE QUESTION AS TO HOW FAR WE SHOULD GO HERE IN PUSHING THE COMMON PROCUREMENT IDEA, IN VIEW OF THE FACT THAT LOCKHEED IS ONLY ONE OF THREE AMERICAN FIRMS STILL IN THE BIDDING IN BELGIUM. WE WOULD APPRECIATE WASHINGTON'S VIEWS ON THIS ISSUE ALONG WITH THE RESPONSE TO THE QUESTIONS RAISED IN REFTEL. END COMMENT. BOOCHEVER

NOTE BY OCT: BRUSSELS 7369 # AS RECEIVED.
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